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No. 84-1

IN THE

Supreme Court of the United States

OCTOBER TERM, 1984

ROHM AND HAAS COMPANY,

Petitioner,

VS.

CRYSTAL CHEMICAL COMPANY AND JOE C. ELLER,

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

BRIEF FOR RESPONDENTS

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CONSTITUTIONAL PROVISION, STATUTES AND REGULATIONS

Constitution of The United States, Article I, Section 8:

The Congress shall have power . . . to promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.

Title 15, U.S. Code:

§ 2. Monopolizing trade a felony; penalty.

Every person who shall monopolize, or attempt to monopolize, or combine or conspire with any other person or persons, to monopolize any part of the trade or commerce among the several States, or with foreign nations, shall be deemed guilty of a felony, and, on conviction thereof, shall be punished by fine not exceeding one million dollars if a corporation, or, if any other person, one hundred thousand dollars, or by imprisonment not exceeding three years, or by both said punishments, in the discretion of the court.

Title 35, U.S. Code:

§ 112. Specification.

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention.

. . . .

§ 116. Inventors.

Whenever through error a person is named in an application for patent as the inventor, or through an error an inventor is not named in an application and such error arose without any deceptive intention on his part, the Commissioner may permit the

application to be amended accordingly, under such terms as he prescribes.

§ 251. Reissue of defective patents.

Whenever any patent is, through error without any deceptive intention, deemed wholly or partly inoperative or invalid, by reason of a defective specification or drawing, or by reason of the patentee claiming more or less than he had a right to claim in the patent, the Commissioner shall, on the surrender of such patent and the payment of the fee required by law, reissue the patent for the invention disclosed in the original patent, and in accordance with a new and amended application, for the unexpired part of the term of the original patent. . . .

. . . .

§ 253. Disclaimer.

Whenever, without any deceptive intention, a claim of a patent is invalid the remaining claims shall not thereby be rendered invalid. A patentee, whether of the whole or any sectional interest therein, may, on payment of the fee required by law, make disclaimer of any complete claim, stating therein the extent of his interest in such patent. Such disclaimer shall be in writing and recorded in the Patent and Trademark Office; and it shall thereafter be considered as part of the original patent to the extent of the interest possessed by the disclaimant and by those claiming under him.

In like manner any patentee or applicant may disclaim or dedicate to the public the entire term, or any terminal part of the term, of the patent granted or to be granted.

§ 254. Certificate of correction of Patent and Trademark Office mistake.

Whenever a mistake in a patent, incurred through the fault of the Patent and Trademark Office, is clearly disclosed by the records of the Office, the Commissioner may issue a certificate of correction stating the fact and nature of such mistake, under seal, without charge, to be recorded in the records of patents. A

printed copy thereof shall be attached to each printed copy of the patent, and such certificate shall be considered as part of the original patent. Every such patent, together with such certificate, shall have the same effect and operation in law on the trial of actions for causes thereafter arising as if the same had been originally issued in such corrected form. The Commissioner may issue a corrected patent without charge in lieu of and with like effect as a certificate of correction.

§ 255. Certificate of correction of applicant's mistake.

Whenever a mistake of a clerical or typographical nature, or of minor character, which was not the fault of the Patent and Trademark Office, appears in a patent and a showing has been made that such mistake occurred in good faith, the Commissioner may, upon payment of the required fee, issue a certificate of correction, if the correction does not involve such changes in the patent as would constitute new matter or would require reexamination. Such patent, together with the certificate, shall have the same effect and operation in law on the trial of actions for causes thereafter arising as if the same had been originally issued in such corrected form.

§ 256. Correction of named inventor.

Whenever through error a person is named in an issued patent as the inventor, or through error an inventor is not named in an issued patent and such error arose without any deceptive intention on his part, the Commissioner may, on application of all the parties and assignees, with proof of the facts and such other requirements as may be imposed, issue a certificate correcting such error.

The error of omitting inventors or naming persons who are not inventors shall not invalidate the patent in which such error occurred if it can be corrected as provided in this section. The court before which such matter is called in question may order correction of the patent on notice and hearing of all parties concerned and the Commissioner shall issue a certificate accordingly.

§ 1.2 Business to be transacted in writing.

All business with the Patent Office should be transacted in writing. The personal attendance of applicants or their attorneys or agents at the Patent Office is unnecessary. The action of the Patent Office will be based exclusively on the written record in the Office. No attention will be paid to any alleged oral promise, stipulation, or understanding in relation to which there is disagreement or doubt.

§ 1.56 Improper applications.

Any application signed or sworn to in blank, or without actual inspection by the applicant, and any application altered or partly filled in after being signed or sworn to, and also any application fraudulently filed or in connection with which any fraud is practiced or attempted on the Patent Office, may be stricken from the files.

No. 84-1

In The

Supreme Court of the United States

October Term, 1984

Rohm and Haas Company,

Petitioner,

vs.

Crystal Chemical Company and Joe C. Eller,

Respondents.

On Petition for a Writ of Certiorari
To The United States Court of Appeals
For The Federal Circuit

BRIEF FOR RESPONDENTS

STATEMENT OF THE CASE

I. Petitioners Seek Certiorari From a New Specialized Court of Appeals Well Versed in the Field of Patent Law.

Petitioner seeks certiorari from a holding, as a matter of law, of patent invalidity by a five judge panel of the United States Court of Appeals for the Federal Circuit ("Federal Circuit"). Inherently, the Federal Circuit is better prepared as a matter of congressional design than any other federal trial or appellate court to consider questions of patent law and especially, as here, questions of patent office procedure. In addition, the appeal in issue was given special treatment by the Federal Circuit. The present petition must be considered, therefore, with regard for the inherent expertise of the Federal Circuit and the special treatment accorded this appeal by the Federal Circuit.

II. The Federal Circuit Rendered a Thoughtful and Well Reasoned Opinion and Fully Considered All Findings of Fact and the Single Conclusion of Law Regarding Fraud Made by the Trial Court.

Contrary to Petitioner's accusations, a review of the unanimous opinion of five distinguished and experienced judges of that court reveals a careful analysis of all nineteen fact findings and the single conclusion of law by the trial court which bear on Petitioner's fraud. Each fact finding was not only considered, but was expressly summarized, finding by finding, at the outset of the opinion and the single conclusion of law was quoted verbatim. (225a-331a) When determining that Petitioner had practiced a fraud on the United States Patent and Trademark Office ("Patent Office") and that Petitioner did not cure its fraud, the Federal Circuit carefully analyzed and scrutinized the trial court's findings and conclusion and repeatedly cited those findings in its opinion. (252a-254a; 256a-258a)

The Federal Circuit recited and resolved the following three issues when rendering its opinion:

> 1. Did [Petitioner] intentionally make material misrepresentations to the [Patent Office]?
>
> 2. If it did, could that conduct have been "cured" during prosecution by subsequent disclosure to the [Patent Office] before the patent issued?
>
> 3. If [Petitioner's] prosecution activities were illicit, yet could have been "cured", was [Petitioner's] 1973 interview disclosure sufficient to that end?

(252a).[1]

With respect to the first issue, the Federal Circuit held that Petitioner had intentionally filed falsified affidavits to overcome prior art rejections which had been entered by the Patent Office Examiner. (253a-254a) No new standards were applied and no disputed fact questions were resolved to decide this issue and

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[1] Page 252a of the Appendix to the Petition. References to the Appendix before the Federal Circuit are referred to by A.

reverse a contrary holding by the trial court. The new standards developed by the Federal Circuit relate to the second issue — never before addressed — of whether a fraud once practiced on the Patent Office can be cured. Respondents' position before the Federal Circuit was that once practiced, a fraud cannot be cured. Contrary to Respondents' position, the Federal Circuit determined that fraud can be cured during proceedings before the Patent Office if full disclosure is made in writing before the patent issues. Because Petitioner's alleged disclosure made during an ex parte oral interview did not appear in the written record, the Court held that there was no cure as a matter of law.

A. Federal Circuit Issue One: Well Established Standards Were Applied to Determine That Petitioner Practiced A Fraud on the Patent Office.

The Federal Circuit's determination of fraud was based on two affidavits filed by Petitioner to convince the Patent Office Examiner to withdraw rejections of Petitioner's patent application claims. Petitioner succeeded. However, both of these affidavits intentionally included material misrepresentations. Although these misrepresentations were focal matters during trial, the trial court made no mention of these misrepresentations in its findings of fact. (58a-73a) This absence from the fact findings prompted the Federal Circuit to remark:

> We certainly agree that the facts revealed by the arguments on appeal are nearly wholly absent from the opinion below.

(231a).

Petitioner argues that the Federal Circuit treated the trial court's findings as "irrelevant" or "legal error" and "made its own contrary factual findings." It is true that the Federal Circuit correctly decided that many of the trial court's findings were, as a matter of law, "irrelevant" and that the trial court's reliance thereon was "legal error." However, the Federal Circuit based its opinion on undisputed facts and took special care not to make any "contrary" fact findings. (252a-258a)

1. Petitioner's Misleading and Falsified Affidavits.

The affidavits considered by the Federal Circuit included comparative tests between propanil and closely related chemical compounds. Propanil is one of a group of chemicals called "chloroanilides". It is a basic rule of chemical patent law that in order to show patentability, a chemical must be shown to have properties which differ in kind, and not merely in degree, from closely related prior art chemicals. *In re Hass*, 141 F.2d 127 (CCPA 1944); *In re Lohr*, 317 F.2d 388, 392 (CCPA 1963). DCAA and DCIBA are two prior art chloroanilides closely related to propanil. In Affidavit D, the first of the affidavits discussed by the Federal Circuit, but not by the trial court, Petitioner submitted a comparative data table which was absolutely invalid because the test data on the two compounds compared (DCAA and propanil) were deliberately taken under different test conditions, which differences were not revealed to the Patent Office and which Petitioner knew would guarantee the appearance of substantial differences between DCAA and propanil. In Affidavit E, the second affidavit, Petitioner deliberately falsified comparative test data on selectivity of DCIBA to rice and omitted contrary test data obtained by the affiant just a few days before the affidavit was prepared. These affidavits were presented for the purpose of supporting Petitioner's successful, but false, argument to the Patent Office that propanil was unique among related anilides in having *selective* post emergent herbicidal activity (A. 4620-22, 4624-26), i.e. it killed some plants which had emerged from the ground while not harming others, such as rice.[2]

With respect to Affidavit D, Petitioner prepared a draft comparing propanil with DCAA and submitted it to its Washington counsel for review. Upon further consideration, it concluded that the data on DCAA "might have given the examiner ... the opportunity to say that [propanil and DCAA] differ only in

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[2] Petitioner had test data showing that at least five other chloroanilides besides propanil were selective to rice. (A. 5925, 5930).

degree and not in kind," and therefore instructed him to destroy that draft and substitute another draft containing different DCAA data (A. 8663). The original data had come from tests run in December showing substantial herbicidal activity of DCAA. The new draft substituted data on DCAA from tests made in May, a time of year when plants are well known to be more resistant to herbicides, showing that DCAA had no effect on the treated plants. The timing of these tests and manipulations of the data to create a false impression of the data's significance was not, of course, disclosed to the Patent Office Examiner. Petitioner then argued to the Examiner that these data showed DCAA to be valueless as a herbicide. Explaining the changed DCAA data, they told their Washington counsel:

> In case you are wondering how it is possible to get two such different sets of data on the same compound I should point out that the time of year at which the plants are grown has a very real effect on their resistance to kill.

(A. 8663).

The inventors acknowledged that one evaluating such data would need to know that the tests were run at different times of the year. (A. 1376, 2239-42). These misrepresentations made by Petitioner in Affidavit D are so well documented as to be undisputed by Petitioner.

Affidavit E was the result of a request by the Patent Office Examiner for additional tests comparing propanil with the compound DCIBA to see whether DCIBA might kill weeds without injury to rice at low rates of application. Petitioner ran tests on rice and several other crops and recorded data showing that DCIBA had no effect on rice at one-eighth and one-quarter pound per acre and little effect at higher rates up to two pounds per acre, although it was highly injurious to a number of weeds at those rates. (A. 5971, on compound FW-793). The affidavit prepared a few days later repeated the recorded data on the other crops, but on rice it showed something totally different. Thus, where the actual test data showed 0% effect, the affidavit submitted to the Patent Office Examiner falsely showed 30% to

40% effect, where the actual test data showed 10% effect the affidavit falsely showed 45% or 65% effect, and where the actual test data showed 15% effect the affidavit falsely showed 70% or 90% percent. (See A. 9262 for a comparison of the affidavit data, A. 4677 with the actual data, A. 5971-72).

The inventor admitted he knew the purpose of the affidavit was to prove that propanil was unique as compared to DCIBA, that the data he had actually observed during the rice tests confirmed that DCIBA is selective to rice and that he had data which showed a mere difference in degree between DCIBA and propanil (A. 1334-36, 1342-43, 1553-55). Nevertheless, he signed the affidavit, and Petitioner relied upon it, falsely asserting that it proves that for DCIBA there was a complete lack of the remarkable selectivity shown by propanil (A. 4625). Following the filing of this affidavit, the broadest patent claim was allowed. The misrepresentation that DCIBA is not selective to rice still remains in the Patent Office records, and also still appears *on the face* of the issued patent. (A. 4572).[5]

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[5] Petitioner argues that the misrepresentations in Affidavit E were not false, and that the Federal Circuit "incorrectly assumed" they were false by Petitioner's failure to deny their falsity before that court. (Petition, note 12). Let there be no mistake. Petitioner has never denied the falsity of those misrepresentations. Instead, the footnote references in the briefs to the Federal Circuit cited by Petitioner cautiously state that the trial court *did not find* that the misrepresentations were false. True, because the trial court did not make any findings regarding those misrepresentations. Further, even if Petitioner did have data to support the summaries contained in Affidavit E (no such data has ever been produced) it is undisputed that Petitioner had, and withheld from the Examiner, rice data which was contrary to that presented in the affidavit, and which was obtained in the same tests as the other data in the affidavit. Thus, regardless of whether Affidavit E is considered to contain deliberately falsified data, that affidavit is nonetheless false and misleading by failing to include the contrary data. This omission of material facts is the same type of fraud practiced in Affidavit D which Petitioner was well aware would result in a holding of invalidity of any issued patent. (*See* quote from the *Monsanto* case recited by Petitioner on page 5 of the petition!)

2. Federal Circuit Applied Well-Established Standards to Determine Commission of a Fraud.

Either of these false affidavits establishes fraud. Petitioner does not dispute that Affidavit D contains false statements and omissions. No doubt for this reason, Petitioner argued on appeal, as characterized by the Federal Circuit:

> (1) that this activity does not amount to fraud because the affidavits were not material and because (2) the intent of the deceased patent agent who prepared the affidavits is not known.

(253a). The Federal Circuit correctly rejected these arguments as a matter of law. Regarding materiality the Court stated:

> In contrast to cases where allegations of fraud are based on the withholding of prior art, there is no room to argue that submission of false affidavits is not material.

(253a). Regarding the intent element, the Federal Circuit summarized several well-established principles stating:

> It cannot be said that these misrepresentations to the PTO were the result of an honest mistake. *Cf. Norton* v. *Curtiss*, 433 F.2d 779, 794, 167 USPQ 532, 544 (CCPA 1970). While direct proof of intent to mislead is normally absent, such submissions usually will support the conclusion that the affidavit in which they were contained was the chosen instrument of an intentional scheme to deceive the PTO. In any event, proof of the actual state of mind of the applicant or persons associated with or representing an applicant is not required. "The intent element * * * may be proven by a showing of acts the natural consequences of which are presumably intended by the actor." *Kansas Jack, Inc.* v. *Kuhn*, Appeal No. 83-628/643, slip op. at 11 (Fed. Cir. Oct. 12, 1983). Thus, the trial court's assertion that "what is important" to the fraud inquiry was affiant-inventor McRae's actual state of mind was legal error. Question "1" must be answered in the affirmative.

(253a-254a).

In this fashion, the Federal Circuit, under well-established principles of patent law, determined that Petitioner practiced a fraud on the Patent Office.[4]

B. Federal Circuit Issue Two: As A Matter of First Impression, the Federal Circuit Established a Way to Cure Fraud.

To justify the new rule providing for a cure of fraud, the Federal Circuit balanced the important policy consideration of discouraging all manner of dishonest conduct in dealing with the Patent Office against the basic policy underlying the patent system to encourage the disclosure of inventions through issuance of patents, and concluded that it was "desirable to permit misdeeds to be overcome under certain limited circumstances" (225a). The Court specifically limited its ruling to the issue of whether (1) voluntary efforts (2) during proceedings before the Patent Office (3) by or on behalf of an applicant, (4) knowing that misrepresentations have been made to the examiner of his application, can ever alleviate its effect (255a).

Having so limited its ruling, the Court proceeded to set forth common sense requirements to be met in such a situation:

> The first requirement to be met by an applicant, aware of misrepresentation in the prosecution of his application and desiring to overcome it, is that he expressly advise the PTO of its existence, stating specifically wherein it resides. The second requirement is that, if the misrepresentation is of one or more facts, the PTO be advised what the actual facts are, the applicant making it clear that further examination in light thereof may be required if any PTO action has been based on the misrepresentation.
>
> Finally, on the basis of the new and factually accurate record the applicant must establish patentability of the claimed subject matter.

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[4] The Federal Circuit did not, as Petitioner argues, eliminate reliance as an element of fraud on the Patent Office. The fact that claims were allowed upon the filing of the affidavits establishes that the Examiner relied on the misrepresentations.

(256a).[5]

The Court thought it "desirable to reserve the possibility of expiation of wrong doing where an applicant chooses to take the necessary action on his own initiative and to take it *openly*" (emphasis added).

The Court further stated:

> It does not suffice that one knowing of misrepresentations in an application or in its prosecution merely apprised the examiner with accurate facts without calling his attention to the untrue or misleading assertions sought to be overcome, leaving him to formulate his own conclusions.

(256a).

Petitioner, admittedly, did not do any of the things that the Federal Circuit held had to be done to effect a cure before the Patent Office. Even after Petitioner's alleged attempt to cure, the misrepresentations made by Petitioner are still contained, without alteration, qualification or explanation, in the official records of the Patent Office, and are still on the face of the issued patent; there is nothing in the official records of the Patent Office to show that the statements made by Petitioner in its affidavits and on the face of the issued patent are false or misleading. With this undisputed record, the Federal Circuit determined that no cure had been accomplished before the Patent Office.

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[5] It is not true, as argued by Petitioner, that the Federal Circuit's requirements for curing fraud were *sua sponte*. Respondents' expert witness, noted patent law expert Donald R. Dunner who testified before the Hruska Commission in favor of the 1982 Act, Senate Committee Report No. 97-275, 97th Cong. 2nd Sess., 1982 U.S. Code Cong. & Adm. News 11, 15, also testified at trial regarding what kind of disclosure would have been necessary to comply with the duty of candor (A. 3465-76). Respondents' Main Brief in the Federal Circuit at pp. 24, 25 and 28, and Reply Brief at p. 8, discuss the disclosure which would have been necessary to alert the Examiner to the true facts and therefore effect a cure (assuming a cure were legally possible).

C. Federal Circuit Issue Three: Petitioner's 1973 Alleged Attempt to Cure with Oral Statements Misrepresentations Made in Written Patent Office Records was Insufficient as a Matter of Law.

The misrepresentations detailed above — in the affidavits and on the face of the patent — were, of course, all presented to the Patent Office in writing in accordance with the Patent Office rule, 37 C.F.R. § 1.2, that all transactions with the Office must be in writing, and that the action of the Office will be based exclusively on the written record.

In 1973, eleven years after the written misrepresentations were made to the Patent Office convincing the Examiner to allow certain claims and just before the patent was to issue, Petitioner arranged for a personal interview with the Examiner during which certain oral statements were allegedly made disclosing Petitioner's actual data — but not the prior misrepresentations — to the Examiner. Because none of these alleged oral statements were reduced to writing, the Federal Circuit held, as a matter of law, that no cure had been effected.

1. The Crucial 1973 Interview.

The visit by Mr. Hutz, Petitioner's lead counsel here, and Dr. McRae, the inventor, with the Patent Office Examiner was an act of desperation. During the eleven year period between Petitioner's presentation of written misrepresentations which caused a previous examiner to allow the focal and broadest claim and the crucial 1973 interview, two Patent Office interferences between three parties were conducted; a patent on propanil *per se* was granted to Monsanto; and, the Monsanto patent was finally declared invalid for fraud by the Third Circuit; thereafter, Petitioner's application was returned to the Examiner and Petitioner's patent was issued. During the intervening years, others, including Respondents, had gone into the propanil business. Competition kept the price so low that there was only a small profit. Petitioner knew that if it could eliminate all competition, it could raise its prices and make a substantially larger profit. However, during the Monsanto litigation, Petitioner's

false affidavits had come to light. Under the rules of the Patent Office, the Petitioner's patent application would almost certainly be stricken from the files if the Patent Office learned of the fraud (37 C.F.R. § 1.56). If, on the other hand, it just allowed the patent to issue, and then sued someone for infringement, the patent would be held invalid for fraud, and Petitioner would be subject to a treble damages claim under Section 2 of the Sherman Act, 15 U.S.C. § 2, *Walker Process Equipment, Inc.* v. *Food Machinery and Chemical Corp.*, 382 U.S. 197 (1965). To reserve an argument for trial while not alerting the Examiner, Petitioner had to make it look like a cure was being attempted, without actually effecting the cure.

Petitioner was assisted in this by the complexity of the proceedings that had gone on before. Under the guise of acquainting the Patent Office Examiner with all of the events which had transpired during the preceding eleven years, Mr. Hutz and Dr. McRae spread out on a table before the Examiner nearly four thousand pages of documents, including the entire Appendix on appeal in the Monsanto case (1,862 pages), publications on the use of propanil (140 pages), the trial and appellate court opinions in the Monsanto suit (38 printed pages), Petitioner's brief in the Monsanto case (63 pages), prior art (90 pages), selected portions of the interference file (256 pages) and, finally, all of the data sheets Petitioner could find on all herbicide testing of all chloroanilides, a total of nearly 900 pages of data on 182 compounds (A. 4955-5845, 6337-42). More than 1000 pages of these documents were specifically referred to (A. 8501) in ensuing discussions of 24 different subjects (239a), including the discovery by a Japanese researcher that propanil would selectively kill weeds without injuring rice.[6]

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[6] The commercial use of propanil to kill weeds in rice was not the result of Petitioner's "costly and painstaking research" (Petition, p. 3), but of a test by this Japanese researcher whom Petitioner paid $120.00 (A. 7608). The United States Department of Agriculture confirmed the Japanese researcher's results and Petitioner put the product on the market. (A. 970-74, 1680-84, 7959).

It was only then, in whatever time was left of the 2½ hour interview, that Petitioner's data sheets were allegedly discussed with the Examiner. Mr. Hutz testified that he went through the 900 pages (not just 100, Petition p. 7) of raw data on tests of 182 chemical compounds, although only 14 pages were needed to reveal the true facts on the representations in the affidavits. The data sheets are highly complex. The compounds tested are variously referred to by code names, structural formulae, chemical formulae, chemical names, and trade names; [7] the test data are taken at various application rates, some of which are expressly noted, some of which are coded; the test data are taken variously as single data points and multiple data points; and the tests were run on a large variety of plants, at different times of the year and under a variety of test conditions.

Mr. Hutz admitted that he never told the Examiner why the affidavits had been filed (they had been presented to a different examiner), and he did not point out the false representations that had been made concerning the data, nor that the DCIBA data had been presented specifically in response to the previous examiner's request, nor the effect that the affidavits had. Instead, he repeatedly testified that he merely presented the data and "let the Examiner draw his own conclusions" (A. 4411-13, 4429, 4435-36, 4452, 4472, 4540, 4554-55). Significantly, Dr. McRae admitted that they did not tell the Examiner about the May-December data switch in Affidavit D, and neither he nor Mr. Hutz testified that they told the Examiner about the discrepancies in the DCIBA data. The Examiner denied he had been told.

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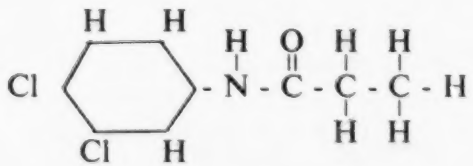
[7] Propanil, for example, was also called FW-734, Stam, Stampede, 3,4-dichloropropionanilide, $C_2H_5CONHC_6H_3Cl_2$-3,4, and



Furthermore, contrary to the requirement of 37 C.F.R. § 1.2 that all business transacted with the Patent Office be in writing, and that action by the Patent Office be based exclusively on the written record in the Office, there is nothing in any document in the Patent Office record which indicates that there was any comparison of the affidavits with the information in the data sheets. Nor is such a comparison referred to in either the outline Mr. Hutz prepared to guide his discussions at the interview or his post-interview notes (A. 8485-94, 8501-12). The Examiner, although his memory was dimmed by the passage of years, was absolutely positive that no such disclosure had been made to him (A. 3883-3900). He was certain that never in his 27 years in the Patent Office had any such things been pointed out to him (A. 4095).

Following the interview, Mr. Hutz took the data sheets back to his office where they remained until discovered in this case. The Examiner never had another chance to look at them and they were never mentioned in any correspondence with the Patent Office. Mr. Hutz filed in the Patent Office a 20 page paper purporting to summarize the discussions with the Examiner. (A. 4742-61). This paper detailed 24 subjects which were discussed with the Examiner, but made no mention of even the limited data presentation Mr. Hutz says he made. The Examiner, as he testified, relied only upon the written record, as he is required to do by 37 C.F.R. § 1.2. (A. 4009).

It is apparent that it would have been impossible for anyone, no matter how skilled, to appreciate in the short time available, the significance of what Mr. Hutz says he showed the Examiner. In order to understand just the comparison of DCIBA and propanil, it would have been necessary for the Examiner to find, read and understand the raw data from five pages (A. 5959-71, 5964, 5974) on fourteen weeds and seven crops; compute averages for weeds and for crops, multiplying by ten to reach the basis used in the affidavit, on both of the dates data were collected; and compare the individual and averaged data in his mind with the affidavit data. He also needed to be aware of the

rejection that had been made, and of the representations made by Petitioner eleven years earlier concerning the falsified affidavit data. As the Federal Circuit noted, to presume such understanding "ignores the real world conditions under which examiners work" (258a).

Petitioner *still* has not presented any evidence to show that the affidavits were correct. There is no test data in the nearly 10,000 page Federal Circuit Appendix, in the 900 pages of test data, or anywhere else which supports Petitioner's affidavit statements that DCAA is valueless as a herbicide, or that one-eighth to one pound per acre of DCIBA will kill rice. Petitioner's actual test data is to the contrary.

The Patent Office record still contains the falsified affidavits and the assertions that none of the closely related compounds have selective herbicidal activity. Furthermore, the issued patent on its face still contains misrepresentations concerning the related compounds. So far as any member of the public can determine from the records available to the public, extensive tests by Petitioner have conclusively demonstrated that only propanil is available to selectively kill undesirable weeds growing among desirable food plants such as rice. Not surprisingly, with this state of the record, to this day no one has commercialized any of the related compounds.

2. Federal Circuit Holds that the Alleged Oral Statements Cannot Contradict the Written Record.

The Federal Circuit held that in order to contradict the written record before the Patent Office and thereby, cure prior written misrepresentations made to the Patent Office, the curing statements must also be in writing and not presented orally to the Patent Office. (256a, 258a) Because the undisputed written record is "devoid of any documentation" to support the Petitioner's argument that a cure had been affected, the court held that there was no cure as a matter of law. (257a, 258a)

REASONS FOR DENYING THE PETITION

I. Due to Its Inherent Expertise and Special Treatment Accorded this Appeal, the Federal Circuit's Decision is Entitled to Special Deference.

It is implicit in the tone throughout the Petition, and explicit more than once (e.g., Petition 10-11, 24-26, 29) that the Federal Circuit is a wayward child that urgently requires stern discipline and firm guidance. This is far from the situation. In this case the Federal Circuit has functioned precisely as Congress had hoped and expected when it created the court in 1982. The crabbed view Petitioner urges of the Federal Circuit would thwart those hopes and expectations.

A. Inherent Expertise of the Federal Circuit

The creation of a new federal appellate court, and especially an innovative one with jurisdiction dependent on subject matter rather than region, is not an activity that is carried out without detection in some lonely hollow in the dark of the moon. The reasons for creation of the Federal Circuit are well known. Although the Federal Courts Improvement Act of 1982 accomplished other things, it is widely recognized that its most important accomplishment was the consolidation of patent appeals jurisdiction in one federal appeals court. Congress' stated objectives in establishing a national patent court were to provide "uniformity" and doctrinal "stability" in the patent law. House Committee Report No. 97-132, 97th Cong. 1st Sess., at 20-23, Section subtitled "*The Need for Increased Uniformity in Patent Law*"; Senate Committee Report No. 97-275, 97th Cong. 2nd Sess., 1982, U.S. Code Cong. & Adm. News 11, 15-16. See also Sward & Page, *The Federal Courts Improvement Act: A Practitioner's Perspective*, 33 Am. U.L. Rev. 385, 386-87 (1984), and authorities there cited. The Honorable Robert W. Kastenmeier, chairman of the subcommittee of the House Judiciary Committee from which the legislation came, has said:

> the court will provide increased uniformity in the patent law. The establishment of a single court to hear patent appeals has been identified as one of the most far-reaching

> reforms that could be made to strengthen the U.S. patent system in such a way as to foster technological growth and industrial innovation. The new Court of Appeals for the Federal Circuit will provide nationwide uniformity in patent law, will make litigation results more predictable and will eliminate the expensive and time-consuming forum shopping that currently characterizes litigation in the field.

The Ninth Annual Judicial Conference of the United States Court of Customs and Patent Appeals, 94 F.R.D. 347, 358 (1982) (remarks of Rep. Kastenmeier).

Of course, it would have been possible for the Supreme Court itself to provide uniformity, but this Court has not done so nor would it be a wise expenditure of scarce judicial resources to have it do so. "The Supreme Court cannot hear all cases. The Court itself decides which cases are important enough to hear and apparently patent cases are rarely important enough." Note, *An Appraisal of the Court of Appeals for the Federal Circuit*, 57 So. Cal. L. Rev. 301, 326 (1984). Even when a patent case presents an issue of law of general applicability, it does so in a context heavily dependent on the specialized facts, the lengthy record, and the arcane technology of a particular case. That is true of the present case. It is true of patent litigation generally.

To achieve these objectives, Congress selected the former judges of the United States Court of Customs and Patent Appeals ("CCPA") and Appellate Division of the Court of Claims ("Appellate Claims") to sit on the Federal Circuit. These judges had extensive experience with technology and the patent law as a result of their prior experience reviewing patent appeals from the Patent Office, International Trade Commission and Trial Division of the Court of Claims. All of the five judges on the panel that decided the present appeal were former members of either the CCPA or Appellate Claims. These judges began their deliberations with an intimate understanding of the complex workings of the Patent Office and the equally complicated law of chemical patent practice.

Congress provided the Federal Circuit with two additional advantages which bear on consideration of the present petition.

First, Congress recognized that patent cases before the Federal Circuit would be "unusually complex and technical," that those cases would be "extraordinarily time-consuming," that Federal Circuit decisions would "have precedential effect throughout the country," that it was "important for the judges of the court to have adequate time for thorough discussion and deliberation" and that for these reasons, a "lighter" workload of cases per judgeship was justified for the Federal Circuit. Senate Committee Report No. 97-275, 97th Cong. 2nd Sess., 1982 U.S. Code Cong. & Adm. News 11, 17. Second, unlike any other federal trial or appellate court and due to the technical scientific and engineering aspects of patent cases, Congress sanctioned employment of technical advisors to assist the judges. Congress explained that "[t]hese advisors are lawyers who have technical degrees and experience in a scientific or engineering field or in patent law in addition to their legal training." *Id.* at 27.

B. Special Treatment Accorded this Appeal.

Because the appeal involved questions of patent law, including fraud,[8] which were of importance to the bar and development of the patent law, a special five judge panel of the Federal Circuit was convened to hear this case. The panel was a distinguished one. The opinion was written by Judge Rich, a preeminent scholar in patent law who presented the view of the Patent Bar in the Congressional hearings which led to the enactment of the present Title 35. The panel included two other former members of the CCPA and two former members of Appellate Claims.[9] These five judges had among them 56 years' experience sitting on federal courts with extensive patent litigation.

Further, due to the complexity of the appeal, the Federal Circuit permitted the filing of extended briefs. Both parties used all

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[8] The case involved other important questions of validity and infringement in addition to fraud.

[9] The other former members of the CCPA included Judges Miller and Neis who have both sat by designation on other federal circuit courts of appeals. In fact, Judge Miller is one of the few Judges who has sat by designation on every federal circuit court of appeals.

of the briefing space allotted. The printed appendix accompanying the briefs was divided into ten volumes and comprised approximately ten thousand pages. Even with this wealth of information before it and contrary to its standard practice, the Federal Circuit ordered that the entire original record be transmitted for consideration. Oral argument continued well in excess of the alloted hour with constant questioning by an obviously attentive and incisive panel. More than seven months of deliberation elapsed before a unanimous opinion was rendered, declaring the patent, as a matter of law, invalid for fraud.

A primary reason for the granting of petitions by this Court is to ensure uniformity of the law throughout the United States. These five judges were well qualified to decide what is or is not a fraud on the Patent Office. If, as they concluded, an applicant who has been guilty of such a fraud is to be given an opportunity to "cure" the fraud, these judges were well qualified to balance the conflicting policy considerations and to decide what the conditions of such a cure must be. Finally, these judges were able to appraise the findings and conclusions of the trial court in the light of their experience with the reality of the examination of applications for patents.

II. Federal Circuit's Decision was Correct: No New Standards Were Retroactively Applied Against Petitioner.

Regarding cure of intentional material misrepresentations made to the Patent Office, the Federal Circuit made three statements. First, the Federal Circuit, in a case of first impression, announced that a fraud, once practiced, can be cured if cure is accomplished voluntarily during proceedings before the Patent Office. This, of course, was a new rule of law applied retroactively in favor of Petitioner. Second, the Federal Circuit stated that any attempt to cure fraud must be made in writing to the Patent Office. Well-established Patent Office administrative procedures require that all business before that agency be transacted in writing. 37 C.F.R. § 1.2. Petitioner failed to comply with this well-established procedure, and, as a matter of law, was held not to have accomplished a cure. Third, the written

cure supplied to the Patent Office must comply with three common sense requirements: the applicant must advise the Patent Office that the written record contains a misrepresentation; the applicant must advise the Patent Office of the truth; and the applicant must establish patentability of the claims in view of the truthful record. Although the Federal Circuit discussed the latter requirements in its opinion, this was dicta as applied to Petitioner. Because Petitioner failed to attempt a cure in writing, the Federal Circuit determined that there was no cure as a matter of law.

A. As a Matter of First Impression, the Federal Circuit Announces that Fraud Can Be Cured During Ex Parte Prosecution.

The only thing new in the decision was the ruling that fraud can be cured. It has always been the rule that applicants for patent must make a full, fair, and complete disclosure and that the disclosure has to be in writing. Never before has any statute or court approved *any* means of curing an intentional misrepresentation of material facts.

Public policy dating from the enactment of the first patent law dictates that no relief should be granted to one who has acted with deceptive intention in connection with a patent application or patent. The Act of 1790, 1 Statutes at Large, Chap. 11, Sec. 12, Articles 5 and 6, provided for cancellation of patents "obtained surreptitiously by, or upon false suggestion", and provided for judgment in favor of patent infringement defendants "if the concealment of part, or the addition of more than necessary, shall appear to have been intended to mislead, or shall actually mislead the public."

Under the present law, a patent may not be reissued if there has been any deceptive intention in connection with the obtaining of the original patent (35 U.S.C. § 251). During prosecution of an application, or after a patent issues, a change in the names of the inventors can only be effected if there was an error without deceptive intention (35 U.S.C. §§ 116, 256). Invalid claims can be disclaimed without affecting the validity of

remaining claims only if there was an error without deceptive intention (35 U.S.C. § 253). Even clerical and typographical errors may be corrected only if the mistake occurred in good faith (35 U.S.C. § 255).

In the few times that the question has been raised, the reviewing authority has refused to allow any cure of an intentional material misrepresentation. Petitioner has not cited any case to the contrary. In the early case of *Kuzel* v. *Heany*, 1911 C.D. 148 (Comm. Pats. 1910), the Commissioner refused to allow an applicant to correct an application that had been changed by fraudulent or deceptive intention on the part of the applicant. In *In re Mallard*, 71 USPQ 294 (Comm. Pats. 1946), the Commissioner interpreted *Precision Instrument Manufacturing Co.* v. *Automotive MM Co.*, 324 U.S. 806, 816 (1945) to mean that "no patent monopoly should be granted on an application if fraud had been involved in the execution or prosecution thereof." 71 USPQ at 296. In *Lindstrom* v. *Ames*, 37 App. D.C. 365, 1911 C.D. 384 (App. D.C. 1910), the Court refused to order reinstatement of a stricken patent application upon an offer to purge the offending materials from the application.

Thus, the decision of the Federal Circuit in this case establishes a landmark exception to the historical rule that no relief will be accorded one who is acting with deceptive intention. Petitioner has no grounds for complaint. The Court below could have, as argued by Respondents, and probably should have, held that as a matter of law a cure *could not* have been effected.

Having been given a reprieve, Petitioner now complains that the required penance is too severe. Even though a cure of fraud has never been allowed, it argues that the means required by the Federal Circuit for effecting a cure are contrary to existing law. Since the Federal Circuit decision that fraud *can* be cured is new, the requirements established for effecting the cure are necessarily new, and cannot be contrary to existing law. Further, these requirements are drawn from existing law and are based on common sense.

B. All Communications With the Patent Office — Including Any Attempt to Cure Fraud — Must be in Writing.

Intentional material misrepresentations were made by Petitioner in writing to the Patent Office and are still contained — without qualification — in the official written public records of that agency and on the face of the published patent. Petitioner's alleged attempt to cure these misrepresentations was done orally during an ex parte personal interview with the Examiner. The written "summary" of the interview, now part of the official written record, makes no mention of any discussions of missing or contrary data or any misrepresentations.

The Federal Circuit determined that any attempt to cure such prior written misrepresentations must be communicated in writing as required for all Patent Office communications. The Federal Circuit also determined that any interpretation of the written attempt to cure would be considered a question of fact. (256a) However, because Petitioner failed to submit any attempt to cure in writing to the Patent Office, the Federal Circuit held that Petitioner failed to perfect a cure as a matter of law stating:

> Therefore, and in view of the fact there is no written evidence of any disclosure that there had been previous misrepresentations, to say nothing of their specific correction, we hold that the asserted "cure" was insufficient as a matter of law.

(258a).

It is this fundamental requirement — a writing — which, without dispute, was not submitted by Petitioner, that demonstrates the frivolous nature of the present petition. Petitioner argues, as it must, that it should be entitled to deceive the Patent Office in writing and eleven years later, allegedly make an oral ex parte disclosure to rectify a written public record. Is it unfair to require Petitioner to abide by long-standing Patent Office rules that all communications with that agency be in writing and to require Petitioner to correct written lies with a written submission? Surely not.

Petitioner argues that the requirements for correcting a fraud imposed by the Federal Circuit could not have been predicted by Petitioner when its alleged attempt was made in 1973.[10]

Is the concept of requiring that a written official public record be supplemented, amended, contradicted or otherwise altered in writing, in order for the change to be given effect, a concept that is foreign to our common or statutory law, a new principle, such that retroactive application of such a requirement would be unjust? Nonsense. As stated by the Federal Circuit:

> Because all business with the [Patent Office] is to be transacted in writing and its actions must be based exclusively on the written record, 37 C.F.R. § 1.2, this question of fact [cure] should never be difficult to resolve.

(256a). Further, such a requirement — that any contradiction of a written record also be written — is firmly embedded in our system of justice; judicial concepts such as the parol evidence rule, statute of frauds, equal dignities rule and others would immediately instruct any lawyer — with or without specific instructions from government agency rules — as to the proper approach necessary to correct misrepresentations in an official written record. Petitioner's arguments to the contrary are

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[10] Mr. Hutz, Petitioner's lead counsel who also conducted the 1973 interview, and his law firm were not novices in the presentation of information to the Patent Office. They were well aware of the importance of the written record in dealings with the Patent Office. A 1954 interview with a Patent Office Examiner by Mr. Hutz' father, Werner H. Hutz, gave rise to a charge of fraud by the FTC, *Charles Pfizer & Co.* v. *FTC*, 402 F.2d 574 (6th Cir. 1968), *cert. denied*, 394 U.S. 920, 89 S. Ct. 1195, 22 L.Ed.2d 453 (1969). In that case, as well as others involving the same patent, the written summary of the interview filed by Mr. Werner Hutz as well as his contemporaneous memorandum on the interview figured prominently in the consideration of the fraud issue. Mr. Werner Hutz was ultimately vindicated because the court accepted the correctness of the written record, and refused to give credence to later contradictory testimony or an attempted reconstruction of the earlier proceedings. *United States* v. *Pfizer, Inc.*, 676 F.2d 51, 55 (3d Cir. 1982). In contrast, in the present case Petitioner urges the Court to *ignore* the written record, which reveals no attempted cure, and allow contradictory oral testimony and reconstruction of earlier proceedings to control.

without any basis in law or logic. Because Petitioner failed to correct its prior misrepresentations in writing, the Federal Circuit held that, as a matter of law, there had been no cure before the Patent Office prior to issuance of the patent. (258a) Because by statute, 35 U.S.C. § 251, no cure can, as a matter of law, now be made, remand for written supplementation of the Patent Office records would be a useless act.[11]

The Federal Circuit was clearly correct in requiring any attempted cure of a misrepresentation to be fully disclosed in writing in the official record. Otherwise, the misrepresentations remain, sworn to as the truth, to deceive the public. No one could know whether a patent application record should be trusted. It would be necessary in every case to use legal process to obtain the sworn testimony of the applicant, his attorney and the Patent Office Examiner, just to find out if the record tells the truth, and all of the truth.[12]

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[11] Petitioner faults the Federal Circuit for denying Petitioner "any opportunity to comply with the new standards." (Petition pp.(i), 22). However this is a matter to be taken to Congress and not this Court. Once the patent issued, a host of statutes enacted by Congress prohibited any further attempt to cure. 35 U.S.C. §§ 116, 251, 253, 255, 256. Accordingly, by statute, remand or any further proceedings would provide no solace to Petitioner.

[12] Petitioner argues that the Federal Circuit improperly shifted the burden of proof under 35 U.S.C. § 282. Petitioner has plainly misinterpreted the Federal Circuit's opinion and confused the concepts of burden of proof under 35 U.S.C. § 282 with the burden of going forward with evidence. *See Pennwalt Corp.* v. *Akzona Inc.*, Fed. Cir. Slip op. dated August 10, 1984 at 12-13; *TP Laboratories, Inc.* v. *Professional Positioners, Inc.*, 724 F.2d 965, 971 (Fed. Cir. 1984); *Stratoflex, Inc.* v. *Aeroquip Corp.* 713 F.2d 1530, 1534 (Fed. Cir. 1983); 21 Wright & Graham, *Federal Practice and Procedure*, § 5122 at 558-59 (1984); 9 Wigmore, *Evidence*, § 2489 at 300-01 (Chadbourn ed. 1984). Petitioner also confuses the concept of burden of proof at trial with the uncompromising duty of candor before the Patent Office and the written record which must be maintained before the Patent Office. Nowhere in the Federal Circuit's opinion is there a discussion of "burden of proof." Instead, the Federal Circuit considered all the evidence which was introduced and determined that Petitioner's fraud had been established by clear and convincing evidence, but that, based upon the written record before the Patent Office, a cure had not been so established before that agency.

There would appear to be no need for further discussion of the Federal Circuit's requirements for cure; however, if this Court should determine that the Federal Circuit improperly required that any attempt to cure a written fraud also be in writing, then alternatively, Respondents would show the fallacy of the rest of Petitioner's arguments.

C. The Remaining Requirements for Cure are Common Sense and Grounded on Established Case Law.

Petitioner not only believes that it should be sufficient to correct a written record with oral ex parte statements, but that it should be sufficient to present the Examiner with 900 pages of data (although only 14 pages were relevant) without any summary or discussion of the significance of the data as applied to prior filed, false written data summaries and allow the Examiner "to draw his own conclusions." To state this proposition demonstrates its absurdity. Who among reasoned men could not say that to cure a misrepresentation, a person must point out the misrepresentation? And must then tell the truth? And must then demonstrate, if it be so, that the action taken in reliance on the misrepresentation is not affected? This is all that was required by the Federal Circuit.

Is it necessary to find existing case law announcing this fundamental logic as applied to the patent law of fraud prior to the time Petitioner acted in 1973? If so, it is available.

In fact, the Federal Circuit's requirements are completely consistent with the established standards for dealing with the Patent Office. In *Precision*, for example, this Court noted the "uncompromising duty" of applicants to report to the Patent Office "all facts concerning possible fraud or inequitableness" (324 U.S. at 818), and admonished Automotive for not "doing all within its power to reveal and expose the fraud" (324 U.S. at 816) and for failing to act so as to uproot it and destroy its effects" (324 U.S. at 819). Contrast Petitioner's argument that it should be sufficient to overwhelm the Patent Office "with a mountain of largely irrelevant data" (258a) from which the true facts might, with sufficient incentive and effort, be derived, and

to do this in an oral discussion as to which no written record was ever made.

The Federal Circuit's requirements are also in accord with the holdings of previous decisions by courts which have considered the sufficiency of the manner of presentation of information to the Patent Office. In *Tipper Tie* v. *Hercules Fasteners*, 130 F. Supp. 3, 9 (D.N.J. 1955), *aff'd* 232 F.2d 635 (3d Cir. 1956), the court considered a submission casually listed in a letter in the midst of a series of references to other patents, finding that this "indefinite allusion ... was probably given no real consideration whatever by the Patent Office." *Id.*

In *Penn Yan Boats, Inc.* v. *Sea Lark Boats, Inc.*, 359 F. Supp. 948, 965 (S.D. Fla. 1972), *aff'd* 479 F.2d 1328 (5th Cir. 1973), a relevant prior art patent was disclosed to the Patent Office in a list of twelve other less relevant patents. The court held that such burying itself was inequitable conduct sufficient to render the applicant's later-issued patent unenforceable. The court stated: "Stuart had a clear obligation to call the Wollard patent to the attention of the Patent Office in a proper fashion and to attempt to patentably distinguish his claimed invention from the disclosure of the Wollard patent." *Id.* The Federal Circuit in the case at bar has required no more than this.

Petitioner protests that it relied on *Monsanto Company* v. *Rohm & Haas Company*, 312 F. Supp. 778 (E.D. Pa. 1970), *aff'd* 456 F.2d 592 (3d Cir. 1972), as the "then-leading case on the requirements for avoiding a charge of fraud" (Petition, p. 6), but that case specifically condemned Monsanto's failure to bring to the attention of the Patent Office in 1967 the *fact* that in 1957 and 1961 it had made *representations* to the Patent Office *inconsistent* with those made in 1967. 456 F.2d at 600. The Federal Circuit's requirements in the present case are to the same effect. Mere disclosure of a mountain of largely irrelevant data is not enough; the *fact* of *inconsistency* with previously supplied data and with previous representations must also be disclosed.

III. Justice: The Policy of Granting Patent Rights in Exchange for the Disclosure of New and Useful Information Supports Striking Petitioner's Patent Grant.

The thrust of the petition is that Petitioner should be excused from committing fraud if it later presented facts from which the truth could be ascertained, even if the later presentation was contrary to the rules of the Patent Office and made no correction of the written record. The effect of what Petitioner seeks would be to allow patents to be published with false data in the patents as well as in the Patent Office record, deceiving and beguiling, rather than informing the public, while retaining to the patentee its monopoly obtained through fraud. This does not satisfy the quid pro quo requirement of the Constitution, Article 1, § 8.

A patent is intended to inform the public, to foster innovation, to teach others so that they too can invent and devise new means of achieving the same and, perhaps, better results, to make others want to experiment, to enlarge the store of human knowledge. This patent does not do that. It tells the world that it should not try the related compounds because Petitioner has tried them and they do not work. Furthermore, one who seeks to go behind the patent itself and look at the Patent Office records gets only confirmation of the teaching of the patent — with emphasis.

The result? No one has tried the others. Propanil remains unique in its *commercial application* as a herbicide; but, unique in its *ability* as a *selective* herbicide, saving valuable food plants? Petitioner would have this Court think so. The Patent Office record says so. But, the papers locked in Petitioner's file cabinet, the papers exhibited to the Examiner for a few brief moments and then taken from his sight, never to be returned, show that propanil is not, and never was, uniquely selective as a herbicide. Tests run by Petitioner for the specific purpose of making comparisons required by the Patent Office show that related compounds in the prior art cited by the Patent Office had this identical property.

But what has the public been told? The official records and the face of the published patent declare that propanil and only propanil can accomplish these chemically unique results, and if the public wishes to obtain these benefits, they must approach Petitioner and pay tribute. The patent statutes require not only disclosure but truthful disclosure. The Federal Circuit's decision is just.[13]

IV. The Federal Circuit's Decision Was Based on Relevant Fact Findings Made By the Trial Court and Undisputed Facts.

Petitioner's reliance on arguments regarding Rule 52(a) of the Federal Rules of Civil Procedure demonstrates the weakness in the present petition. Contrary to Petitioner's arguments, the Federal Circuit's opinions demonstrate deference to relevant trial court fact findings in general[14] and to the trial court's relevant findings specifically. Petitioner's real complaint lies with the Federal Circuit's analysis of which findings, as a matter of law, are relevant to a determination of fraud. This is a question of law — not fact. The court's decision is based on the application of the law to undisputed facts and not on the overturning of trial court fact findings.

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[13] The Fifth Amendment arguments raised by Petitioner deserve little more than a passing note. First, Petitioner is not required to pursue a government grant of patent rights and could have, as it should have, simply abandoned its application. Second, the Federal Circuit does not require self-incrimination. Instead, the record must be clarified by someone and not necessarily by the person who practiced the fraud. Third, the question is not raised by these facts. The patent agent who apparently practiced the fraud on behalf of Petitioner died before the 1973 interview. In fact, the alleged attempt at cure in this case was attempted by persons who allegedly were not involved in the original fraud. Moreover, surely a confession is preferable to issuing a patent containing fraudulent misrepresentations.

[14] In over 20 published opinions since October of 1982, the Federal Circuit has made specific reference to the constraints of Rule 52(a). *See eg: Seattle Box Co.* v. *Industrial Crating & Packing, Inc.*, 731 F.2d 818 (Fed. Cir. 1984); *ACS Hospital Systems Inc.* v. *Montefiore Hospital*, 732 F.2d 1572, 1578 (Fed. Cir. 1984); *Lindemann Maschinenfabrik* v. *American Hoist & Derrick Co.*, 730 F.2d 1452, 1457 (Fed. Cir. 1984); *Rosemount Inc.* v. *Beckman Instruments, Inc.*, 727 F.2d 1540, 1543 (Fed. Cir. 1984); *Underwater Devices, Inc.* v. *Morrison-Knudsen Co.*, 717 F.2d 1380, 1389 (Fed. Cir. 1983).

In truth, regard for findings of fact has very little to do with this case. Only 19 of the 220 findings of fact by the district court and one of his 133 conclusions of law dealt with the issue of fraud that has now become crucial. Even those scanty findings were concerned with omissions in the material presented to the Patent Office by Petitioner rather than with the affirmative misrepresentations in Affidavits D and E that were thought important by the Federal Circuit. In Finding 128 (71a-73a), which is perhaps the most important of the findings, the district court stated in the finding itself that what it thought "important" was that McRae, the person who executed but did not prepare the affidavits, believed that the affidavits were accurate. But this, as the Federal Circuit said, was "legal error" since the actual state of mind of the affiant is not conclusive on the issue of intent to defraud. This is a well-established principle recited in the landmark decision of *Norton* v. *Curtiss, supra.* For the same reason Finding 125, which rested on what the trial court thought was the good faith "belief" of Petitioner, was rejected as irrelevant. (257a). It is of course well settled that insofar as a finding is derived from the application of an improper legal standard to the facts, it cannot stand. *United States* v. *Singer Manufacturing Co.*, 374 U.S. 174, 194 n.9 (1963); 9 Wright & Miller, *Federal Practice and Procedure: Civil* § 2585 at 734 (1971).

The findings were not central to the position of the trial court. The heart of what little the trial court said on fraud is in Conclusion 33. Although Petitioner thinks it right to present this as what the trial court "held" without any indication that this was a conclusion, not a finding (Petition 10), there is an immense difference. The "clearly erroneous" restriction on review "does not apply to conclusions of law." *Pullman-Standard* v. *Swint*, 456 U.S. 273, 287 (1982). Neither does it apply to mixed questions of law and fact to the extent that the error of law has impaired the judgment of the trial court on the mixed question. 9 Wright & Miller, *Federal Practice and Procedure: Civil* § 2589 (1971).

The Federal Circuit was fully entitled to review Conclusion 33 without being limited by the "clearly erroneous" rule, and here, as in its review generally, it was entitled to take into account its superior understanding of patents and of the workings of the Patent Office. The Federal Circuit said that Conclusion 33 was "unrealistic" and that "it ignores the real world conditions under which examiners work." (258a).

This case does not show an "unwarranted and improper pattern of independent fact finding by the [Federal Circuit]." (Petition 29). Rather it shows a court created to bring uniformity into the field of patents doing just that by assessing the findings of fact and the conclusions of law of one of 507 United States District Judges in the light of the superior knowledge the Federal Circuit has in the field of patents.

V. Impact: The Question of Cure of Fraud is so Rare That This Decision will have Little Impact Beyond the Parties to This Suit.

Although fraud is frequently alleged as a defense to patent infringement actions, contrary to Petitioner's assertions, fraud is rarely found to exist. For example, of the 170 patent decisions rendered to date by the Federal Circuit, only 16 published decisions have considered the issue and only one other published decision has held that a fraud was committed by an applicant for letters patent. *Driscoll* v. *Cebalo*, 731 F.2d 878 (Fed. Cir. 1984). Questions of cure of a fraud, as presented in this case, are even more rare. Historically, there are only three published cases which have considered this issue. All three of those cases held that fraud, once practiced, could not be cured. *Lindstrom* v. *Ames*, 37 App. D.C. 365, 1911 C.D. 384 (App. D.C. 1910); *In re Mallard*, 71 USPQ 294 (Comm. Pats. 1946); *Kuzel* v. *Heany*, 1911 C.D. 148 (Comm. Pats. 1910).[15]

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[15] Further, reversal of the Federal Circuit decision would not restore the validity of Petitioner's patent. A myriad of other defenses, not reached by the Federal Circuit's opinion, would still have to be considered. For example, at least Judge Miller of the Federal Circuit, in a special concurring opinion, has already decided that the Petitioner's patent is invalid for other reasons (260a).

CONCLUSION

Neither equity nor law favors further consideration of this case. The five judges of the Federal Circuit have unanimously brought about a just result. Respondents respectfully request that this Petition for Certiorari be denied in all respects.

Respectfully submitted,

By .....

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CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the above and foregoing Brief for Respondents has been forwarded to all counsel of record, on this .... day of August, 1984.

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